and the Organization of the Treaty on Collective security, providing measures on maintenance of security in region.

We remain devoted to the establishment of the nuclear Free Zone in the Central Asia. Now the text of the relevant Treaty is coordinated by five countries of region and we are glad that the depository of the Treaty will be the Kyrgyz Republic. We believe that it is testimony of high trust and a recognition of the contribution of our republic in the implementation of the initiative establishing a Nuclear-free Zone. I am firmly convinced that the establishment of a Zone free from nuclear weapons in our region will promote the strengthening of global security and regional stability. We hope to obtain corresponding support of the world community.

In conclusion Mr. Chairman, I would like to note that the world community experiences a complex period of formation of a new system of international affairs. Already, it is clear that it will be a long process. The states—members of the United Nations should affirm their readiness to achieve practical solutions to the most essential problems of our time: to struggle with poverty, famine, illnesses, to provide sustainable development. The 60th session of the General Assembly should remain with us in memory as the session of reforms. Thank you for your attention.

LEGISLATION TO PROHIBIT STATES FROM TAXING RETIREMENT INCOME OF NONRESIDENTS

HON. CHRIS CANNON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, October 7, 2005

Mr. CANNON. Mr. Speaker, I am introducing today legislation to clarify Public Law 104–95, adopted by the Congress in 1995, prohibiting States from taxing the retirement income of nonresidents. Public Law 104–95, enacted in 1996, precludes States, other than the State in which a retiree resides, from taxing certain retirement benefits. The law defines "retirement income" as any income from specified types of qualified pension plans or from a nonqualified deferred compensation plan that meets certain payment requirements. Nonqualified deferred compensation plans are defined by reference to section 3121(v)(2)(C) of the Internal Revenue Code (the "Code"), which relates to employment taxes. Specifically, any income of an individual who is not a resident of the taxing State from any plan, program, or arrangement described in section 3121(v)(2)(C) is exempt from that State's income tax provided the income received from such plan is part of a series of substantially equal periodic payments made (not less frequently than annually) over the life expectancy of the recipient, or for a period of not less than 10 years. Neither the statute nor the related committee reports provide guidance as to what constitutes a substantially equal periodic payment; they merely require that the payments be made for at least 10 years.

Unfortunately, at least one State tax revenue department has taken the position that Public Law 104–95 does not preclude state taxation of nonqualified retirement benefits paid by a partnership to its retired nonresident partners. Specifically, the State has construed the reference to section 3121(v)(2)(C) of the Code to limit the exemption to payments made only to retired employees, i.e., those individuals subjected to FICA tax, since the provision is written in the context of employment taxation. Under this view, nonqualified retirement benefits paid by a partnership to its retired partners who are not residents of the State would not be exempt from nonresident State income taxation because there is no specific reference to retired partners in P.L. 104–95, section 3121(v)(2)(C) of the Code, or subsequently issued Treasury Regulations for that section.

In addition, at least one State tax revenue department has taken the position that the periodic benefits provided under the plan fail the "substantially equal periodic payments" test if the plan provides for benefit reductions pursuant to a pre-determined formula capping total disbursements. Under a similar analysis, periodic benefits that are subject to adjustment pursuant to a plan provision providing cost-of-living adjustments could also fail to qualify as "substantially equal periodic payments." Because businesses are not permitted to prefund nonqualified deferred compensation benefits on a tax-favored basis, some businesses find it prudent to cap total disbursements under a pre-determined plan formula, such as a percentage of the business's overall income. This cap operates to keep retirement costs within a reasonable range sustainable by the business, in effect protecting the business from unusual demands triggered by demographic variations. Similarly, many plans provide for cost-of-living adjustments to retirement benefits. Any such adjustments made as a result of a pre-determined plan formula do not change the nature of the retirement benefit and should not cause the retirement benefits to fail to meet the "substantially equal periodic payments" test.

The application of the "substantially equal periodic payments" test is unclear when retirement benefits include components from both qualified plans (no substantially equal periodic payment requirement) and nonqualified plans. Consider a plan in which total annual payments to a retiree do not change from year to year, but the payments are required to come first from a Keogh (i.e., qualified plan) until depleted and then from the general assets of the business (i.e., nonqualified plan). Under a predetermined plan formula, the total annual payment remains the same and is part of a series of substantially equal periodic payments. However, the sources underlying the total payment will change as the qualified plan is depleted and nonqualified payments are increased to maintain annual payments at the same level.

This legislation would clarify that States may not impose an income tax on retirement income of nonresidents received under certain nonqualified deferred compensation plans, including plans for retired partners (treated as such under applicable tax laws). This would also clarify that retired partner equivalents, that is retired principals, will be treated as retired partners for purposes of this provision. This legislation would also clarify that benefit reductions pursuant to a pre-determined formula capping total disbursements, or benefit adjustments pursuant to a plan provision providing cost-of-living adjustments are permitted, and do not cause the periodic benefits provided under the plan to fail the "substantially equal periodic payments" test. It is also my intent to clarify that the "substantially equal periodic payments" test is satisfied when payments include components from both qualified and nonqualified plans. Because this legislation merely clarifies Congressional intent with respect to current law, it would apply as of the effective date of P.L. 104–94, that is to amounts received after December 31, 1995.

These changes are intended to make it clear that, when Congress originally passed this legislation, it did not want to allow States to tax retirement income, other than the State where the retiree resides, whether the retirement payments are made to a retired employee or a retired partner. The present bill merely confirms Congressional intent to prohibit State taxation of retirement payments made to nonresidents.

HONORING WISCONSIN'S 2005 OUTSTANDING OLDER WORKER

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 7, 2005

Mr. KIND. Mr. Speaker, it is with great pleasure that I rise before you today to honor this year's Outstanding Older Worker for the State of Wisconsin, Norman Gudmundson. Continuing to work at age 78, Norm clearly deserves this recognition.

Norm began violin lessons at the age of eight, and like his father before him, dreamt of being a great violinist one day. Norm had 16 years of private training, and by the time he graduated high school, he was considered one of the most accomplished violinists in the State of Illinois after winning the state competition.

Upon his graduation from high school in 1945, Norm joined the U.S. Army Infantry in the last days of World War II. Upon war's end, he was sent to Germany and served for 2 years rebuilding the war-torn country. After his military service, Norm received a full scholarship to play violin for the University of Miami, Florida's Orchestra. After college, Norm continued his career in music, playing with orchestras in Chicago, Denver, and Milwaukee.

Norm retired from the orchestra but did not give up working. Norm is a dead-on Santa Claus, so it only seemed natural to donate his time to play St. Nick at local department stores around Christmas-time.

Refusing to retire, Norm has recently worked for his own excavating business, repairing telephone lines in Colorado, inspecting cranberries for Ocean Spray, and manufacturing lawn equipment with Toro. Norm now works for Cardinal IG in Tomah, WI.

And so I stand today to honor Wisconsin's Outstanding Older Worker for this year, Norman Gudmundson, who truly is a Renaissance man. For his contribution to the arts, his love of children, and his dedication to his community and America's workforce, I commend Norm for his generous spirit and remarkable commitment to service.